

VZCZCXYZ0003
RR RUEHWEB

DE RUEHMN #0553 2681101
ZNR UUUUU ZZH
R 251101Z SEP 09 (CCY ADBC6333 MSI1904-695)
FM AMEMBASSY MONTEVIDEO
TO SECSTATE WASHDC 9372

UNCLAS MONTEVIDEO 000553

C O R R E C T E D COPY SIGNATURE

DEPT FOR WHA/EPSC FCORNIELLE AND FCOLON
PASS TO DEPT ENERGY - LEINSTEIN

SIPDIS

E.O. 12958: N/A

TAGS: [ENGY](#) [UY](#)

SUBJECT: URUGUAY: FERTILE GROUND FOR OPIC-SUPPORTED GLOBAL RENEWABLE
ENGY INVESTMENT FUND

REF: Montevideo 401

SUMMARY

¶1. SUMMARY: Embassy Montevideo considers Uruguay fertile ground for potential OPIC-supported Renewable Energy Fund investments. Uruguay has a tremendous amount of potential in the field of alternative energy and is already a regional leader in some aspects. Several projects in both the private and public sector, especially in the areas of bio-mass and wind generation, and bio-fuels production are bringing the country closer to actually being able to capitalize on its potential. END SUMMARY

¶2. The GOU is taking steps to ensure renewable energy plays a central role in solving Uruguay's energy concerns. The current government announced that it would aim to generate 500 megawatts, or 15 per cent of the country's electricity, from alternative sources by 2015. In support of this ambitious target, the GOU launched a sustainable energy policy designed to support the growth of the sustainable energy sector. Under this program, the government offered to grant tax exemptions and financial benefits of 10 to 20 years to private investors who produce renewable energy. As part of this effort, in 2007, the state utility company UTE awarded tenders for 36 megawatts worth of wind and biomass projects, one of them to U.S. forestry company Weyerhaeuser. UTE currently plans to award tenders to produce 150 MW through wind energy by the end of 2009.

¶3. Biofuels also represents a central pillar of the GOU's efforts to increase the presence of renewable energy in the overall energy matrix. Uruguay produces, or has plans to produce, both ethanol and biodiesel, and has made an important regulatory commitment to mandate the use of biofuels in the country. In November 2007, the GOU passed a law regulating their production, commercialization, and utilization. As a result, Uruguay has the legislatively mandated target of a) a five percent ethanol/gasoline blend by 2015 and b) a two percent biodiesel/ diesel blend by 2010 rising to five percent by 2015.

U.S./ URUGUAY ENERGY PARTNERSHIP

¶4. Potential Renewable Energy Fund investment in Uruguay would directly support the Alternative Energy and Energy Efficiency MOU Uruguay signed with the U.S. in September 2008. Leading up to and since the MOU was signed, Embassy Montevideo has pursued a series of biofuels and alternative energy related initiatives with the GOU. An OPIC-partnered project on biofuels was identified in reftel and would represent an excellent vehicle to expand alternative energy cooperation. It would also be a useful way to support U.S. businesses seeking to sell their technology and energy products.
MATTHEWMAN